



Attorney General  
Betty D. Montgomery

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April 21, 1999

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FCC MAIL ROOM

Office of the Secretary  
Magalie Roman Salas  
Federal Communications Commission  
445 12<sup>th</sup> St. N.W.  
Portals II Building  
Washington, DC 20554

Re: *In the Matter of The Application for  
Consent for Transfer of Control to SBC  
Communications, Inc. from Ameritech, CC  
Docket No. 98-141.*

Dear Ms. Salas

Through a letter dated April 13, 1999, I submitted the Opinion and Order of the Public Utilities Commission of Ohio in reference to the Ohio Commission's case number 98-1082-TP-AMT. The Ohio Commission's decision discusses a stipulation entered into by some of the parties. I am now submitting several copies of the **Stipulation and Recommendation**, so that the Ohio Commission's order may be more fully understood.

Please return one stamped copy in the enclosed self-addressed stamped envelope.

Thank you for your assistance in this matter.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Steven T. Nourse".

Steven T. Nourse  
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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application  
of SBC Communications Inc., SBC  
Delaware, Inc., Ameritech Corporation,  
and Ameritech Ohio  
for Consent and Approval  
of a Change of Control.

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Case No. 98-1082-TP-AMT

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STIPULATION AND RECOMMENDATION

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of SBC Communications Inc., SBC Delaware, Inc., Ameritech Corporation, and Ameritech Ohio for Consent and Approval of a Change of Control.	) ) ) ) ) ) )	Case No. 98-1082-TP-AMT
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**STIPULATION AND RECOMMENDATION**

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The Staff of the Public Utilities Commission of Ohio ("Commission Staff" or "Staff"), and the parties hereto,<sup>1</sup> being the Joint Applicants (SBC Communications Inc. ("SBC"), SBC Delaware, Inc., Ameritech Corporation ("Ameritech"), and Ameritech Ohio) and such of the intervening parties in this proceeding as have evidenced their agreement by subscribing hereto (collectively, the "Stipulating Parties"), hereby submit to the Public Utilities Commission of Ohio (the "Commission") this Stipulation and Recommendation (the "Stipulation").

**I. RECITALS**

A. On July 24, 1998, SBC, SBC Delaware, Inc., Ameritech, and Ameritech Ohio filed a Joint Application seeking Commission approval of a change of control for Ameritech Ohio pursuant to R.C. §4905.402.

B. In the Commission's October 15, 1998 Entry, the motions to intervene of the following parties were granted: Time Warner Telecom of Ohio, L.P. ("Time Warner Telecom"), Time Warner Cable, Ohio Consumers' Counsel ("OCC"), Payphone Association of Ohio, Ohio

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<sup>1</sup> Pursuant to O.A.C. 4901-1-10, the Staff is a party for purposes of this Stipulation.

Cable Telecommunications Association ("OCTA"), City of Toledo, AT&T Communications of Ohio, Inc. (AT&T), Airtouch Cellular, Inc., State Alarm, Inc., Nextlink Ohio, Inc., United Telephone Company of Ohio, Sprint Communications Company L.P., Empowerment Center of Greater Cleveland, CoreComm Newco, Inc. f/k/a Cellular One, Telecommunications Resellers Association, MCI Telecommunications Corp., MCImetro Access Transmission Services, Inc., Iwaynet Communications, Inc., ICG Telecom Group, Inc., and Edgemont Neighborhood Coalition ("Edgemont"). The motion to intervene of Parkview Areawide Seniors was granted by Entry dated October 29, 1998, and the motion to intervene of American Association of Retired Persons ("AARP") was granted by Entry dated December 18, 1998. The City of Toledo and AirTouch Cellular, Inc. subsequently withdrew from this proceeding.

C. On October 15, 1998, the Commission issued an Entry identifying issues to be addressed in this proceeding.

D. On November 6, 1998, the Commission Staff filed a Preliminary Independent Staff Proposal Relative To The Issues Identified by the Public Utilities Commission of Ohio (the "Staff Proposal").

E. The Joint Applicants and several intervenors filed comments and reply comments, as well as written testimony in this case, and a hearing was commenced on January 7, 1999 pursuant to the schedule established by the Commission.

F. Representatives of the Joint Applicants, Commission Staff, and all parties interested in doing so met in several open sessions, beginning on December 16, 1998, in an attempt to reach a common resolution of the nine issues set forth in the Commission's October 15, 1998 Entry. All parties were noticed for all sessions. Prior to execution of the final draft of the

Stipulation, multiple drafts, including but not limited to a final draft, were circulated to all parties for their review and comment.

G. After extensive negotiations, the Stipulating Parties, represented by experienced counsel and other experts reflecting widely varying interests and knowledgeable of the circumstances, having before them, inter alia, the Joint Application and Staff Proposal, having conducted extensive discovery and reviewed and considered the comments and testimony in this proceeding, and otherwise being fully advised, have agreed upon the terms of this Stipulation, set forth herein, and recommend its adoption by the Commission.

H. The Stipulating Parties recognize that the Commission is not bound by the terms of this Stipulation, but submit that it is entitled to careful consideration. The Stipulating Parties stipulate that (1) this Stipulation is a product of serious bargaining among capable, knowledgeable parties; (2) the Stipulation, as a package, benefits customers and the public interest; and (3) the Stipulation and its terms and conditions do not violate any important regulatory principle or procedure.

I. The Supporting Stipulating Parties stipulate that this Stipulation promotes competition, addresses the issues identified in the Commission's October 15, 1998 Entry, and satisfies the requirements contained in R.C. § 4905.402 and in R.C. §§ 4905.49 and 4905.491, if deemed applicable. The Supporting Stipulating Parties further stipulate and agree that approval of the Joint Application conditioned on the terms of this Stipulation will promote the public convenience and result in the provision by Ameritech Ohio of adequate service for a reasonable rate, rental, toll, or charge. Accordingly, the Supporting Stipulating Parties recommend that the Stipulation should be adopted in its entirety, without modification, deletion, or addition, by the Commission.



WHEREFORE, the Stipulating Parties hereby stipulate and agree as follows:

## II. DEFINITIONS

A. The term "**Alternative Regulation Plan**" means the Plan of Alternative Regulation approved by the Commission in Case Nos. 93-487-TP-ALT and 93-576-TP-CSS by its Opinion and Order dated November 23, 1994 and Entry on Rehearing dated January 19, 1995, ratified by Senate Bill 306 signed into law on June 18, 1996, and implemented pursuant to the Settlement Agreement in Case No. 96-532-TP-UNC.

B. The terms "**Commission**" and "**PUCO**" mean the Public Utilities Commission of Ohio.

C. The term "**SBC/Ameritech**" means SBC Communications Inc., Ameritech Corporation, Ameritech Ohio, and/or any of their affiliates.

D. The term "**Merger**" means the business combination of SBC Communications Inc. and Ameritech Corporation as set forth in the Agreement and Plan of Merger Among Ameritech Corporation, SBC Communications Inc. and SBC Delaware, Inc., Dated as of May 10, 1998 (the "**Merger Agreement**").

E. The terms "**Merger Closing Date**" and "**Merger Closing**" mean the day that, pursuant to the Merger Agreement, Ameritech and SBC cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of Delaware as provided in Section 251 of the Delaware General Corporation Law, as amended.

F. The term "**NEC**" means a New Entrant Carrier as that term is defined in the Commission's guidelines issued in Case No. 95-845-TP-COI as of the date of this Stipulation, regardless of whether future regulatory changes alter the meaning of a NEC in Ohio.

G. The term "**Small NEC**" means any NEC that, when combined with all of the NEC's affiliates and the NEC's joint ventures that provide telecommunications services, has less

than \$300 million in total annual telecommunications revenues, excluding revenues from wireless services, as reported to the Securities and Exchange Commission or in other documents mutually agreeable to such NEC and SBC/Ameritech. Any dispute relating to the application of this definition may be resolved by the Commission.

H. The term "**Collaborative Process**" means a series of meetings open to all interested persons wherein all participants will endeavor in good faith to reach a mutually agreeable resolution of the issue or issues presented for discussion at such meetings. However, in the event the participants are not able to reach a mutually agreeable resolution, SBC/Ameritech and all other participants retain the right to develop and propose to the Commission a resolution to any issue that they believe is appropriate.

I. Where this Stipulation defines a period of time as "x years following" an event or as "a period of x years" after an event, the period of time begins on the date of the event and ends x years thereafter (*i.e.*, if the Stipulation refers to "3 years following the Merger Closing Date" and the Merger Closing Date is 7-1-1999, the relevant time period is from 7-1-1999 through 6-30-2002).

J. The term "**Stipulating Party**" refers to a signatory to this Stipulation.

K. The term "**Supporting Stipulating Party**" refers to a signatory party to this Stipulation that supports the Joint Application based on this Stipulation.

L. The term "**Non-Opposing Stipulating Party**" refers to a signatory party to this Stipulation that agrees not to oppose the Joint Application based on this Stipulation.

### **III. GENERAL TERMS AND CONDITIONS**

A. The Supporting Stipulating Parties agree that, subject to the conditions as set forth herein, the Commission should approve the Joint Application by approving and adopting, as part

of its Opinion and Order in this matter, this Stipulation resolving all of the issues in this proceeding.

B. The terms of this Stipulation shall become effective upon approval of the Stipulation, by Commission Order, as a full and final resolution of the issues.

C. Except as otherwise specifically stated, the terms of this Stipulation shall commence on the Merger Closing Date. In the event the Joint Applicants withdraw their Joint Application, the obligations under this Stipulation shall then become null, void, and of no effect except for those which by their express terms survive such a withdrawal.

D. On the Merger Closing Date or immediately thereafter, the Joint Applicants will file a notice in this docket that the Certificate of Merger has been filed with the Secretary of State of Delaware.

E. The Stipulating Parties agree that, if the Commission's Opinion and Order in this proceeding adopting this Stipulation contains material modifications, deletions, or additions, as the basis for its decision in this proceeding, to be evidenced by incorporation of such material modifications, deletions, or additions of this Stipulation within the Commission's Order in this proceeding by reference, restatement, and/or attachment, any Stipulating Party may withdraw its consent for joining this Stipulation by filing a notice of withdrawal indicating the same within 15 days of the issuance of such Opinion and Order. If the withdrawing Stipulating Party is a Supporting Stipulating Party, then this Stipulation shall thereupon become null and void and shall not constitute any part of the record in this proceeding, nor shall it be used for any purpose in this proceeding or any other proceeding. If such a notice is filed by a Supporting Stipulating Party, the Stipulating Parties agree that the hearing in this proceeding should be reconvened for the Commission Staff to submit its testimony and for any rebuttal testimony as authorized by the

Commission. In the event the hearing is reconvened for that purpose, the Stipulating Parties agree that the hearing in this proceeding should not be considered concluded, for purposes of triggering the 20-day decision timeline in R.C. § 4905.402, until such time as the reconvened hearing is concluded. A notice of withdrawal by one or more Non-Opposing Stipulating Parties shall not render the Stipulation null and void, and the Stipulation shall continue to be a part of the record in this proceeding. Should a Non-Opposing Stipulating Party file a notice of withdrawal pursuant to this Section III.E., however, that party may thereafter elect to file an application for rehearing, support or oppose another party's application for rehearing, and/or file an appeal from the Commission's adoption of the Stipulation (as modified by the Commission).

F. Subject to Commission approval, the Stipulating Parties agree to support completion of the hearing and briefing on this Stipulation in an expeditious manner so as to allow the record to be submitted to the Commission within 30 calendar days of the date of this Stipulation.

G. The Stipulating Parties agree that they will make no official statement or representation, orally or in writing, inconsistent with the Supporting Stipulating Party or Non-Opposing Stipulating Party status of the signatories to this Stipulation, and will use their best efforts to ensure that their agents and employees will make no such statement or representation.

#### **IV. PERFORMANCE MEASUREMENTS, STANDARDS/BENCHMARKS, AND REMEDIES FOR OPERATIONS SUPPORT SYSTEMS AND FACILITIES**

##### **A. Collaborative Process for Applying Best Practices to Improve OSS.**

1. SBC/Ameritech shall adopt procedures for improving Ameritech Ohio's OSS as set forth in this Section IV.A. SBC/Ameritech will establish a joint SBC/Ameritech task force comprised of their OSS subject matter experts that is to identify the best practices of SBC's and Ameritech's OSS. As part of the effort to improve OSS, the joint SBC/Ameritech task force will investigate the economic and technical feasibility of improving and integrating SBC's and Ameritech Ohio's OSS systems, including but

not limited to, systems and procedures for pre-ordering, ordering, provisioning, billing, and repair and maintenance.

2. In conjunction with such task force, SBC/Ameritech will obtain advisory input from the Commission Staff and NECs through a collaborative process.
3. SBC/Ameritech will present to the collaborative participants proposed OSS improvements to Ameritech Ohio's OSS within 60 days of the Merger Closing. SBC/Ameritech will also report on planned OSS improvements and the associated implementation timelines to the collaborative participants within 90 days of the Merger Closing. SBC/Ameritech further agree to implement such improvements to Ameritech Ohio's OSS within 180 days of the Merger Closing unless they conclude that it is not economically or technically feasible to implement one or more of the proposed OSS improvements within such 180 day period or at all. If SBC/Ameritech reach such a conclusion, they will review this conclusion with the collaborative participants, prior to the report to be submitted within 90 days of the Merger Closing Date. Such review will include any recommendations on substitute measures or modified timelines that could be implemented in the alternative.
4. SBC/Ameritech will provide NECs with ongoing advance information on OSS improvements and a reasonable period to make related changes, if any, to their systems by incorporating the principles contained in the Change Control Process described in the document entitled "SWBT Competitive Local Exchange Carrier (CLEC) EDI/LSR Change Control Process," which is attached hereto as Appendix 2, within 30 days of the Merger Closing Date.
5. SBC/Ameritech will utilize the approach contained in the California template for an Interconnection Agreement Appendix, which is attached hereto as Appendix 3, for providing NECs access to new and/or changed OSS systems.

B. Additional Support for Small NECs.

1. Within 30 days following the Merger Closing Date, SBC/Ameritech will also designate and make available a team of a sufficient number of OSS experts dedicated and empowered to assist Small NECs in Ohio with OSS issues. Such team will be available to provide training and assistance, but not the provisioning of telecommunications services, to such NECs at no additional cost for a minimum of 12 months following the designation of the team. A Small NEC may reasonably request a change, expansion, and/or reduction in the composition of the dedicated team.

2. For those Small NECs that are Stipulating Parties, the Joint Applicants will implement the dedicated team of OSS experts referenced in Section IV.B.1. beginning 30 days following the Commission's entry of a final appealable order in this proceeding approving the Merger. Such team will be available to provide assistance for either: i) 12 months following the designation of the team; or ii) 12 months following the Merger Closing Date, whichever results in a longer period of assistance.
3. Within 90 days following the Merger Closing Date, SBC/Ameritech will identify and develop training, procedures, and systems that will be beneficial to Small NECs operating in Ohio. Within 120 days following the Merger Closing Date, SBC/Ameritech will provide notice of such training, procedures, and systems to all Small NECs.

C. NEC Service Centers, Staffing, and Resolution of Current OSS Disputes.

1. The Joint Applicants will not move the Ameritech NEC service centers located in Milwaukee, Wisconsin and Grand Rapids, Michigan for 12 months following the Merger Closing Date.
2. The Joint Applicants will not reduce Ameritech's staffing levels of experienced and qualified staff dedicated and empowered to provide NEC service, including staffing based in Ohio, for 4 years following the Merger Closing Date. The staffing levels shall be based on the highest of: i) the levels in place as of the Merger Closing Date; ii) the levels in place as of the date on which the Commission enters a final appealable order approving the Merger; or iii) the levels in place as of the date of the Stipulation.
3. During the period between the date of this Stipulation and the Merger Closing Date, Ameritech Ohio will use its reasonable best efforts, in good faith, to resolve current OSS disputes.
4. During the period commencing on the date of this Stipulation and ending 4 years following the Merger Closing Date, a NEC may reasonably request in writing, with substantiation, that Ameritech Ohio address claimed problems with an assigned account manager. Ameritech Ohio commits to seriously consider the request after investigation and to meet with the NEC promptly within 30 days to discuss the claimed problems and to attempt to address them.

D. Collaborative Process for Implementing OSS and Facilities Performance Measurements, Standards/Benchmarks, and Remedies.

1. Within 30 days following the Merger Closing Date, SBC/Ameritech will establish a joint SBC/Ameritech task force comprised of their performance

measurements subject matter experts that is to develop a plan to implement OSS and facilities performance measurements, associated standards/benchmarks, and remedies in Ohio.

2. The task force will review the economic and technical feasibility of adopting in Ohio each of the OSS and facilities performance measurements and related standards/benchmarks that SBC has agreed to implement in Texas as a result of the Texas collaborative process ("the Agreed To Standards/Benchmarks," which are attached hereto as Appendix 1). This review will identify the differences, if any, between the underlying legacy systems and equipment, including computer, manual and data generating systems and equipment, in Texas and Ohio which may make it economically or technically infeasible to implement certain agreed to performance measurements and/or related standards/benchmarks in Ohio. If no such differences are identified for a particular measurement or standard/benchmark, SBC/Ameritech will implement that performance measurement or standard/benchmark in Ohio. As of the date of this Stipulation, SBC has agreed to implement in Texas 105 such performance measurements and Agreed To Standards/Benchmarks, which include the performance measurements identified in a U.S. Department of Justice March 6, 1998 letter. Should SBC agree to implement additional measurements or standards/benchmarks in the Texas collaborative prior to the date the task force is established, the task force will include such additional measurements or standards/benchmarks within its review.<sup>2</sup> Additionally, should SBC agree to remedies (e.g., damages, penalties, and credits) associated with one or more Agreed To Standards/Benchmarks in the Texas collaborative prior to the date the task force is established, the task force will also review such agreed to remedies to determine whether it is appropriate to implement such remedies in Ohio considering any relevant differences between Texas and Ohio.
3. Within 60 days following the Merger Closing Date, in conjunction with such task force, SBC/Ameritech will work with the Commission Staff, NECs, and any other interested parties in a collaborative process to develop the initial performance measurements, standards/benchmarks, and remedies to be implemented in Ohio. SBC/Ameritech will meet with the collaborative participants on a regular basis to review the status of implementing each of the agreed to performance measurements, Agreed To Standards/Benchmarks, and/or remedies in Ohio. Such review will include either:

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<sup>2</sup> Provided, however, that should SBC agree to LNP-related performance standards in Texas, such LNP-related performance standards will not be Agreed To Standards/Benchmarks subject to the task force's review. Nevertheless, any participant in the collaborative process may suggest LNP-related performance standards that are appropriate for discussion and potential implementation in Ohio.

- (A) the timeline for implementing the performance measure, associated standard/benchmark, and remedy in Ohio; or
  - (B) an explanation of why SBC/Ameritech believe it is not economically and/or technically feasible to implement either the performance measure, standard/benchmark or remedy in Ohio, in which case SBC/Ameritech would discuss any substitute measure(s), associated standard(s)/benchmark(s), and/or remedy(ies) that would be appropriate.
- 4. Within 120 days following the Merger Closing Date, the task force will complete its initial review of performance measurements/standards/benchmarks/remedies with the collaborative participants.
  - 5. Beginning 90 days following the Merger Closing Date and completing within 180 days following the Merger Closing Date, SBC/Ameritech will implement in Ohio (subject to any required Commission approval, which will be timely sought), each of the Agreed To Standards/Benchmarks that they determine are economically and technically feasible to implement. Implementation will occur on a rolling basis as each Agreed To Standard/Benchmark is tested and becomes operationally ready and will fully apply to both resale and facilities, where applicable, when implemented. If SBC/Ameritech determine that it is not economically or technically feasible to implement one or more Agreed To Standards/Benchmarks in Ohio within 180 days following the Merger Closing Date, they agree to implement such Agreed To Standards/Benchmarks as soon as it is economically or technically feasible to do so.
  - 6. Within the later of 270 days following the Merger Closing Date or April 1, 2000, SBC/Ameritech will implement in Ohio at least 79 of the 105 performance measurements and related standards/benchmarks as set forth in Appendix 1. SBC/Ameritech will not raise economic or technical feasibility or the exception for Y2K-related problems set forth in Section XIV.C. as an excuse for noncompliance with this commitment. Within 280 days following the Merger Closing Date or April 11, 2000, whichever is later, SBC/Ameritech will file a letter in this docket and serve such letter upon all NECs with whom Ameritech Ohio has an approved interconnection agreement attesting whether or not SBC/Ameritech have met this commitment. Such attestation is subject to review by the Commission. If SBC/Ameritech attest that they did not, or the Commission finds that they did not, implement in Ohio at least 79 of the 105 performance measurements and related standards/benchmarks set forth in Appendix 1 within the later of 270 days following the Merger Closing Date or April 1, 2000, SBC/Ameritech will make a payment of \$20 million, as follows:



- a. \$17.5 million, as payments to NECs providing end-user service within Ameritech Ohio's service area as of the date 270 days following the Merger Closing Date or April 1, 2000, whichever is later, as follows:
- (A) A NEC's Access Lines, for each NEC, shall be its total number of access lines in service, including, without limitation, residence access lines, business access lines and end-user trunks, and ISDN lines, whether resold or not, measured as of the date 270 days following the Merger Closing Date or April 1, 2000, whichever is later, within Ameritech Ohio's current service area. Each NEC that desires to receive any of the \$17.5 million in payments must provide to the Commission Staff, no later than 300 days following the Merger Closing Date or May 1, 2000, whichever is later, a report identifying the number of such lines and trunks for that NEC. Such report shall separately identify: i) the number of resold Ameritech Ohio access lines; ii) the number of unbundled loops purchased from Ameritech Ohio; and iii) all other such lines and trunks in service within Ameritech Ohio's current service area. Each NEC submitting such a report will certify to the Commission Staff the accuracy of such report. The Commission Staff will notify each qualifying NEC of its pro-rata share of the \$17.5 million. Thirty days after the date of such notice, the Commission Staff will provide notice to SBC/Ameritech as to the appropriate disbursement of the \$17.5 million. Within 30 days of receiving this notice from the Commission Staff, Ameritech Ohio will issue checks totalling \$17.5 million made payable to each qualifying NEC for the disbursement amounts listed in Staff's notice to Ameritech Ohio.
  - (B) Total NEC Access Lines shall be the sum of (A) above for all qualifying NECs submitting a timely report.
  - (C) A NEC's Pro-Rata Share shall be the ratio of (A) above for that NEC, divided by (B).
  - (D) Each affected NEC within Ameritech Ohio's current service area shall receive a payment equal to \$17.5 million multiplied by the NEC's Pro-Rata Share; and
- b. \$2.5 million to the Community Technology Fund described below in Section VI.G.

7. If Ameritech/Ohio reports that it has met the commitments as provided in Section IV.D.6. and that is disputed, the Commission may issue an order to resolve that dispute and may set forth appropriate time frames.
8. For each Agreed To Standard/Benchmark to be implemented in Ohio that has an SBC agreed-upon remedy in Texas, SBC/Ameritech will discuss with the collaborative participants the proposed remedy to be attached to such Agreed To Standard/Benchmark in Ohio. After SBC/Ameritech implement an Agreed To Standard/Benchmark in Ohio, they will also implement (subject to any required Commission approval, which will be timely sought) any remedy to be associated with such Agreed To Standard/Benchmark consistent with the approach used in the Texas collaborative process. If the collaborative participants agree, SBC/Ameritech will refrain from implementing a particular remedy. Regardless of whether or not SBC agrees to remedies (e.g., damages, penalties, and credits) associated with one or more Agreed To Standards/Benchmarks in the Texas collaborative, the Ohio collaborative process is not precluded from considering any proposed remedy or remedies.
9. If any participant in the collaborative process disputes SBC/Ameritech's determination that it is not economically or technically feasible to implement a particular Agreed To Standard/Benchmark in Ohio, either at all or within the 180 day time period, the collaborative participants will collaborate to resolve such dispute in the collaborative process. If any such dispute cannot be resolved through the collaborative process, any participant may ask the Commission to resolve such dispute. In any such dispute that may arise before the Commission, SBC/Ameritech retain the burden of proving to the Commission that it is not economically or technically feasible to implement an Agreed To Standard/Benchmark in Ohio.
10. Ameritech Ohio will provide a report to the Commission Staff on the results of its performance measurements on a quarterly basis, beginning the first full calendar quarter in which Ameritech Ohio has at least one full month of data for one or more performance measurements, and will report with respect to transactions affecting Ohio NECs relative to their provision of service to end users in Ohio. If it is not economically or technically feasible, as discussed in the collaborative process, for Ameritech Ohio to report transactions on that basis, reporting will be done either on an Ameritech-wide or SBC-wide basis as reasonably determined by Ameritech Ohio after consulting with Commission Staff. Performance measurement reports will be provided to NECs in conformance with each NEC's interconnection agreement and will be made available electronically if so requested.

11. For a minimum of one year following the Merger Closing Date, and thereafter on an as-needed basis as determined by Staff, participants in the collaborative process will collaborate to implement any additions, deletions, or changes to the performance measurements, standards/benchmarks, and remedies that are implemented by SBC/Ameritech in Ohio. Any participant may propose such addition, deletion, or change based upon experience with such implemented performance measurements, standards/benchmarks, remedies, or any other factor. If a dispute over any such addition, deletion, or change cannot be resolved through the collaborative process, any participant may ask the Commission to resolve such dispute. The participant proposing the addition, deletion, or change retains the burden of proving that such addition, deletion, or change should be adopted in Ohio.

E. OSS Non-Recurring Charge. Ameritech Ohio will not propose any new non-recurring charges for accessing or utilizing Ameritech's generally available OSS systems for 2 years following the Merger Closing Date.

## V. INFRASTRUCTURE

A. Capital Investment Commitment. SBC/Ameritech will make capital investments in the Ameritech Ohio infrastructure and network located in Ameritech Ohio's service territory as of the date of this Stipulation in a total aggregate amount of not less than \$1.32 billion over the three full calendar years following the year in which the Merger Closing occurs. (e.g., if the Merger Closing Date is 7-1-1999, the three full calendar years will be 1-1-2000 through 12-31-2002).

B. Network Annual Report. During such period, Ameritech Ohio will provide to the Commission Staff an annual report providing a comparison of Ameritech Ohio's Public Switched Network ("PSN") with each of the non-Ohio PSNs owned and operated by SBC as of the Merger Closing Date. This report will provide individually by PSN the investments made and new services introduced. The report will also contain detailed information relating to Ameritech Ohio's operations, by central office, for network switching, advanced services, and broadband capabilities, and will also include information on interoffice transport. The report provided under

this Section V.B. shall be provided on a calendar year basis and shall be provided by April 1 of each year following the calendar year at issue. Ameritech Ohio will also provide the report to OCC, Edgemont, and any other stipulating consumer parties, subject to appropriate confidentiality agreements.

C. ADSL. SBC/Ameritech commit that, for a period of 5 years following the Merger Closing Date, if Asymmetrical Digital Subscriber Line ("ADSL") service is deployed in Ohio, at least 5% of any such deployment, as measured by the number of offices in which ADSL has been enabled and offered as a service, will be in target offices in Cleveland and Columbus (as defined below) and at least 5% will be in target offices in Akron, Youngstown, Toledo, and Dayton (as defined below). SBC/Ameritech further agree that, in the event ADSL is offered as a service to residence customers in any Ameritech Ohio central office, then ADSL service will be offered to residence customers in any other Ameritech Ohio central office where ADSL is subsequently deployed. SBC/Ameritech intend that any deployment of ADSL in Ohio will be done in good faith in a non-discriminatory fashion without excluding any particular area of the Ameritech Ohio service area.

1. The target offices are central offices in large urban areas having relatively large numbers of low income households, which, as of today, are the following 24 central offices:
  - a. CLEV 64, 74, 42, 45, 43, and 63
  - b. SHHG 92 (to be included in the CLEV category)
  - c. CLMB 23, 25, 27, 29, and 44
  - d. AKRN 25, 72, and 78
  - e. BRTN 74 (to be included in the AKRN category)
  - f. DYTN 22, 26, and 27
  - g. TOLD 21, 47, and 72

h. YNTW 74 and 78

These 24 central offices represent approximately 10% of Ameritech Ohio's total number of central offices.

2. This commitment applies to any technology having essentially the same capabilities that could function as a substitute and/or replacement for ADSL technology. This commitment is binding on the aggregate efforts of Ameritech Ohio and/or any SBC/Ameritech affiliate deploying ADSL service within Ameritech Ohio's current service area. This commitment is not intended to apply to any pilot or test programs or initial rollout efforts and, therefore, would not apply until ADSL is deployed in at least 10 central offices within Ohio.
3. SBC/Ameritech agree that, in deploying ADSL in Ohio under this commitment, it will meet the minimum number of target offices as follows:

ADSL DEPLOYMENT

<u>Total Offices</u>	<u>Minimum # of Target Offices</u>
0-9	0
10-14	1
15-24	2
25-34	3
35-44	4
and so forth	

For example, when Ameritech Ohio has deployed ADSL in 15 offices, at least two of those offices must have been target offices.

4. SBC/Ameritech agree that the commitments contained in this Section V.C. shall not be used as a bar to any future claims by a Stipulating Party against SBC/Ameritech alleging potential unlawful discrimination or inadequacy of service.

D. Retail Residential Services Annual Report. To the extent a particular retail residential service is not made available throughout Ameritech Ohio's service area, SBC/Ameritech will provide to the Commission Staff and any Stipulating Party, on an annual basis, a report identifying the geographic areas where such retail residential services are available. The report will provide such information by wire center, and maps will be created to depict the

availability of such services. SBC/Ameritech will provide such annual reports beginning on April 1 of the first calendar year following the Merger and for the next two calendar years.

## **VI. ADDITIONAL PUBLIC BENEFITS**

A. Residential Services Rate Commitment. SBC/Ameritech agree that, until at least January 9, 2002, Ameritech Ohio's rates for Cell 1 core residence service in Ohio (as described in the Alternative Regulation Plan at Para. 12 and Exhibit B) shall be capped at the rates in effect pursuant to Ameritech Ohio's Alternative Regulation Plan as of the date of the Merger Closing; provided, however, if Ameritech Ohio becomes subject to an earnings review pursuant to a case brought under R.C. § 4905.26 or R.C. Chapter 4927, including review of the Alternative Regulation Plan, or a Commission-ordered investigation, Ameritech Ohio may propose an increase or decrease in rates subject to Commission approval.

B. USA (Lifeline) Commitment. SBC/Ameritech agree that Ameritech Ohio shall maintain the USA (Lifeline) program as described in its Alternative Regulation Plan, as modified or interpreted by Commission orders as of the date of this Stipulation (including subsequent rehearing orders relating to then existing orders), until at least January 9, 2002; provided, however, if Ameritech Ohio becomes subject to an earnings review pursuant to a case brought under R.C. § 4905.26 or R.C. Chapter 4927, including review of the Alternative Regulation Plan, or a Commission-ordered investigation, Ameritech Ohio may propose to modify or terminate the USA (Lifeline) program subject to Commission approval.

C. Consumer Late Payment Charge Commitment. Within 30 days of the Commission's entry of a final appealable order in this proceeding approving the Merger, Ameritech Ohio will withdraw its pending request for a consumer late payment charge, without prejudice to it requesting exogenous treatment pursuant to its Alternative Regulation Plan for costs it has incurred to implement the Commission's disconnection policies. Ameritech Ohio will

not propose a consumer late payment charge before it has filed a new proposed alternative regulation plan or when Ameritech Ohio's Alternative Regulation Plan expires, whichever comes first.

D. MTSS Credit Commitment. Commencing within 6 months of the Merger Closing Date, and for a period of 24 months from such commencement date, SBC/Ameritech agree that Ameritech Ohio will increase by 25% the credits payable to residential and business customers under the Minimum Telephone Service Standards ("MTSS"). During such 24 month period, Ameritech Ohio will automatically apply MTSS credits payable to residential customers for installation premises and repair premises appointments missed by Ameritech Ohio.

E. MTSS Recourse Credit Commitment. Commencing within 6 months of the Merger Closing Date, and for a period of 24 months from such commencement date, Ameritech Ohio will increase by 50% the recourse credits payable to NECs from Ameritech Ohio under the MTSS for billing adjustments and waivers NECs provide to their residential and business end users.

F. Consumer Education Fund Commitment. SBC/Ameritech will establish, within 3 months after the Merger Closing Date, a Consumer Education Fund ("CEF") and will make \$0.75 million available to the CEF for disbursement by Ameritech Ohio in each of the three consecutive 12-month periods following the date the CEF is established, for a total of \$2.25 million. The \$2.25 million funding level may be increased by other provisions of this Stipulation. All allocated funds remain available to the CEF for the purposes described herein until they are disbursed. Funds shall be allocated to the CEF by Ameritech Ohio, and the use of the funds will be controlled by the CEF Committee. The Committee shall consist of one voting representative each from Ameritech Ohio, Commission Staff, OCC, Edgemont, and each other consumer group

that is a Supporting Stipulating Party and shall make decisions by majority vote. Tie votes, if any, will be decided by the Commission Staff representative. CEF Committee decisions as to how funds should be distributed and expended are subject to Commission review. At its first meeting, the Committee shall establish rules of governance for the operation of the Committee. No funds shall be disbursed until 30 days after the committee files with the Commission a report of such proposed expenditures. In the first 12-month period, the CEF shall be used to inform and educate consumers in Ohio of their rights concerning customer credits associated with MTSS. Thereafter, the CEF shall be used to inform and educate consumers in Ohio of their rights concerning telecommunications and information services, MTSS, Commission policy, programs such as lifeline programs, and optional payment plans, especially in low income areas. No portion of the CEF funds will be allocated for salaries or administrative fees.

G. Community Technology Fund Commitment. SBC/Ameritech will establish, within 3 months of the Merger Closing Date, a Community Technology Fund ("CTF") and will make \$0.75 million available to the CTF for disbursement by Ameritech Ohio in each of the three consecutive 12-month periods following the date the CTF is established, for a total of \$2.25 million. The \$2.25 million funding level may be increased by other provisions of this Stipulation. All allocated funds remain available to the CTF for the purposes described herein until they are disbursed. Funds shall be allocated to the CTF by Ameritech Ohio, and the use of the funds will be controlled by the CTF Committee. The Committee shall consist of one voting representative each from Ameritech Ohio, Commission Staff, OCC, Edgemont, and any other consumer group that is a Supporting Stipulating Party and shall make decisions by majority vote. Ties votes, if any, will be decided by the Commission Staff representative. CTF Committee decisions as to how funds should be distributed and expended are subject to Commission review as described below.



At its first meeting, the Committee shall establish rules of governance for the operation of the Committee. Additional volunteer committee members, with full voting rights (except the right to choose additional members), can be selected by unanimous agreement of Ameritech Ohio, Commission Staff, OCC, Edgemont, and any other consumer group that is a Supporting Stipulating Party. Except for program design and implementation expenses not to exceed \$50,000 annually as set forth below, no funds shall be disbursed until 30 days after the committee files with the Commission a report of such proposed expenditures. The CTF shall be dedicated to uses which help assure that rural and low income areas in Ohio have access to advanced telecommunications technology. Such uses may include expenditures for computer equipment and associated software, Ameritech tariffed services, Internet access, technical support, program design and implementation expenses not to exceed \$50,000 annually (which amount shall be disbursed to the CTF upon its request, with all expenditures to be reported annually to the Commission), and other associated services and equipment in rural and low income communities. The Commission Staff shall work closely with the CTF committee in implementing this fund and to establish criteria and standards to be used in awarding funds to ensure that it is not administered in a way which has an anti-competitive effect.

H. Community Computer Center Commitment. SBC/Ameritech will provide funding of \$500,000 in the first year following the Merger Closing, and \$250,000 per year for two additional years thereafter, to continue their support of the Community Computer Center commitment created by Ameritech Ohio's Alternative Regulation Plan. Up to \$30,000 of the amount available in each 12 month period may be used to assist in program design and implementation, which amount shall be disbursed to the Ohio Community Computer Center Network ("OCCCN") upon its request. The remaining amounts shall be disbursed for the creation

of new and the support of existing community computer centers. Such disbursements shall be determined solely by the board of the OCCCN. The OCCCN will provide an annual report to the Commission, subject to audit. All funds described herein shall be expended by SBC/Ameritech and remain available to the OCCCN until disbursed.

I. Charitable Contributions Commitment. SBC/Ameritech, either directly or through their foundations, will make philanthropic and community contributions in Ohio in the aggregate of more than \$2.0 million in each of the three consecutive 12 month periods following the Merger Closing Date. Ohio-based employees of SBC/Ameritech will continue to have input regarding the beneficiaries of these contributions.

J. Marketing Practices Commitment. SBC/Ameritech agree that any of their companies operating as public utilities in Ohio, or their agents, will refrain from engaging in marketing practices which are fraudulent, deceptive, or misleading.

## VII. IN STATE PRESENCE

A. Ohio Headquarters Commitment. For not less than 5 years following the Merger Closing Date, SBC/Ameritech agree to maintain a state headquarters in Ohio that is staffed sufficiently to at least maintain Ameritech Ohio's current local presence with government entities and community organizations.

B. Ameritech Ohio Employee Commitment. SBC/Ameritech agree that, at the end of 2 years following the Merger Closing Date, the number of full-time equivalent employees of Ameritech Ohio will be more than the greater of 1) the number of such employees as of the date the Commission enters a final appealable order approving the Merger, or 2) the number of such employees as of the Merger Closing Date. SBC/Ameritech agree to maintain and improve the expertise and knowledge of Ameritech Ohio's employees who deal directly with end-user customers and NECs.

C. Customer Service Employee Reports. For a period of 2 years following the Merger Closing Date, Ameritech Ohio shall maintain records of the number of its employees engaged in end user customer contact positions and NEC-interface staffing as described in Section IV.C.2. Ameritech Ohio will provide and report the number of such employees to the Commission Staff and OCC as of the dates 6 months, 12 months, and 24 months following the Merger Closing Date. This report will disaggregate the number of employees into marketing, non-marketing, and other appropriate categories.

D. Commitment to Provide Local Competition in Four New Markets.

1. Following the Merger Closing Date, and subject to the terms and conditions set forth in Sections VII.D.2. and VII.D.3., SBC/Ameritech will offer basic local exchange service to both residential and business customers at reasonable rates in the following 4 markets where Ameritech Ohio is currently not the incumbent local exchange carrier ("ILEC") (the "Ohio Competitive Services"):
  - a. Cincinnati - to include the Cincinnati exchange area that is currently served by Cincinnati Bell;
  - b. Lebanon/Mason - to include the Lebanon and Mason exchange areas northeast of Cincinnati that are currently served by United/Sprint;
  - c. Hudson/Twinsburg - to include the Hudson, Twinsburg and Northfield exchange areas south of Cleveland that are currently served by Western Reserve/AllTel; and
  - d. Delaware - to include the Delaware and Cheshire Center exchange areas north of Columbus that are currently served by GTE.

SBC/Ameritech shall determine in their sole discretion, subject to the rules and regulations of the Commission and the terms and conditions set forth in Sections VII.D.2. and VII.D.3., the manner in which they provide the Ohio Competitive Services in each of these markets.

2. SBC/Ameritech's commitment to provide the Ohio Competitive Services in a specified market shall become effective: i) upon the Commission's

approval, within 2 years of filing, of SBC/Ameritech's certification application; ii) upon the Commission's approval of appropriate tariffs filed by the serving entity; and iii) upon SBC/Ameritech's obtaining a Commission-approved interconnection agreement with the ILEC serving that specified market that is fully compliant with Section 251 of the Telecommunications Act of 1996 and that is reasonably comparable to the agreements that Ameritech Ohio has with NECs, specifically:

- a. SBC/Ameritech must have access to the same unbundled network elements and to the same collocation arrangements that Ameritech Ohio has been required to provide to NECs, excluding the promotional collocation provisions set forth in Section IX.C.4. below; and
  - b. SBC/Ameritech must have electronic ordering capability (or reasonable substitutes), and the ILEC must provide sufficient capacity to handle the expected volume of orders.
3. SBC/Ameritech's commitment to provide the Ohio Competitive Services will be in accordance with the following:
- a. SBC/Ameritech will file with the Commission a request for all required certifications no later than 30 days following the Merger Closing Date.
  - b. SBC/Ameritech will make a formal request for an interconnection agreement with each affected ILEC no later than 30 days following the Merger Closing Date. SBC/Ameritech agree to negotiate in good faith with each affected ILEC and to seek arbitration of any issues that cannot be resolved under the negotiation process.
  - c. For purposes of the time commitments made in Sections VII.D.3.e. through VII.D.3.g. below, inclusive, the "Start Date" for each market is the latest of:
    - (A) the date upon which, for that market, the Commission issues an order granting SBC/Ameritech's certification application and approves appropriate tariffs filed by the serving entity;
    - (B) the date upon which, for that market; the Commission issues an order approving an interconnection agreement between SBC/Ameritech and the affected ILEC meeting the conditions set forth above in Section VII.D.2.; or
    - (C) 10 months from the Merger Closing Date.

- d. Consistent with such certification obtained pursuant to this Section VII.D.3., the serving entity will file all appropriate tariffs for the service it provides in these new markets. Upon receiving all necessary authorization to use municipal rights-of-way, which the serving entity will seek in a timely manner, the serving entity will file its final tariffs. In the event the serving entity is unable to obtain such rights-of-way authorization, SBC/Ameritech will propose a comparable alternative market within 30 days of the denial of such rights-of-way authorization.
- e. SBC/Ameritech commit that they will commence the offering of service in some portion of each market no later than 4 months after the Start Date for each market.
- f. SBC/Ameritech commit that the services offered will be made generally available to customers within each market no later than 16 months after the Start Date for each market.
- g. SBC/Ameritech commit that they will offer service at least partially on a facilities basis in each of the 4 markets no later than 28 months after the Start Date for each market (the use of the ILEC's unbundled elements together with SBC/Ameritech's own equipment shall constitute facilities based service).
- h. SBC/Ameritech commit that they will offer residential service in each market for at least 36 months. At any time after SBC/Ameritech have offered such service for 36 months in a market, SBC/Ameritech may at its discretion request, subject to Commission approval, to offer service in any market on a more limited basis up to and including withdrawal from the market.

### VIII. QUALITY OF SERVICE

A. Service Quality Commitment. Ameritech Ohio commits to improve its service quality, by meeting or exceeding the standards as set forth in Section XIII.A., or, in the alternative, to pay the amounts specified in Section XIII.A. Nothing in this Stipulation shall prevent the Commission or Commission Staff from taking any action to address any Ameritech Ohio service quality or customer service problems which may arise while this Stipulation is in effect.

B. Service Quality Reporting. Commencing the first day of the first month that starts at least 6 months after the Merger Closing Date and for a period of 3 years after such commencement date, Ameritech Ohio, on a quarterly basis, will provide the Commission Staff, OCC, and Edgemont with an oral review and, contemporaneously therewith, a written report (consistent with MTSS Rule 18 and the Stipulation entered into in Case No. 98-191-TP-COI), describing Ameritech Ohio's monthly performance with respect to the following:

1. The number of installation orders and the number of such orders missing the MTSS 5-day, 10-day, and 15-day installation intervals;
2. The number of installation premises appointments arranged, and the number of such appointments missed by Ameritech Ohio;
3. The number of out-of-service trouble reports, and the number of those missing the MTSS 24-hour clearance standard;
4. The number of premises repair appointments and non-premises repair commitments arranged, and the number of such appointments/commitments missed by Ameritech Ohio; and
5. The number of times that credits Ameritech Ohio would otherwise owe to end users as a result of missing one of the above standards are excused as a result of the events specified in O.A.C. 4901:1-5-18. Where applicable, such results will be broken down by each of the exception categories in O.A.C. 4901:1-5-18.

C. Non-Telephone Households Studies. Commencing within 3 months following the Merger Closing Date and ending within 15 months following such commencement date, Ameritech Ohio will complete a series of studies to determine the various causes of non-telephone households in Ameritech Ohio's current service territory. This research will be conducted by Ameritech Ohio in conjunction with the substantial involvement of the Commission Staff, OCC, Edgemont, and any other consumer group that is a Supporting Stipulating Party, which involvement will begin within 30 days following the Merger Closing Date. Upon request of a consumer group that is a Supporting Stipulating Party, Ameritech Ohio will pay up to \$5,000

in total to one or more such groups for their use in obtaining an expert or experts to assist in the preparation, review, and analysis of this non-telephone household research. The studies will be designed to identify valid findings and conclusions as to the causes of non-telephone households in Ameritech Ohio's current service territory. Once the reasons for non-telephone households have been identified, Ameritech Ohio, in conjunction with the Commission Staff, OCC, Edgemont, and any other consumer group that is a Supporting Stipulating Party will develop potential short and long-term practices and policies designed to decrease the number of non-telephone households in Ameritech Ohio's current service territory. Ameritech Ohio will file a report with the Commission within 30 days after the conclusion of such studies as to those practices or policies it has elected to implement.

## **IX. CARRIER-TO-CARRIER ACTIVITIES**

A. Alternative Dispute Resolution. SBC/Ameritech and Commission Staff will implement the following alternative dispute resolution ("ADR") process designed to resolve carrier-to-carrier disputes, including interconnection agreement related disputes, before they become formal complaints, and will adhere to the following ADR guidelines and procedures:

1. SBC/Ameritech agree that any dispute resolution process contained in any of Ameritech Ohio's existing interconnection agreements continues to apply and will be implemented by Ameritech Ohio in accordance with the agreement. SBC/Ameritech agree that the applicable time frame for the dispute resolution process begins on the date when either party to a dispute notifies the other party and the Commission Staff in writing that it is seeking dispute resolution pursuant to an interconnection agreement. SBC/Ameritech will designate a single point of contact to whom such notice will be sent. Following completion or failure of a dispute resolution process pursuant to an interconnection agreement, should either party bring the dispute to the Commission, SBC/Ameritech will not argue that the involved dispute is not properly before the Commission or that the other party must follow additional procedures prior to the Commission resolving the dispute. In other words, after the applicable period runs, a party may proceed with an informal mediation process (as outlined below) or commence a formal complaint before the Commission.